

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2013-47-W

In the Matter of:

**Application of AAA Utilities, Inc.
for Adjustment of Rates and Charges
and Modifications of Certain
Terms and Conditions for the Provision
of Water Service**

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DIRECT TESTIMONY

OF

RONALD J. SWEARINGEN

1 **Q. PLEASE STATE YOUR NAME, PRESENT POSITION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Ronald J. (Jay) Swearingen. I am the Vice President of AAA Well Drilling,
4 Inc. My business address is 3071 Highway 6, Lexington, South Carolina 29073.

5 **Q. WHAT ARE YOUR DUTIES IN YOUR CURRENT POSITION?**

6 A. While AAA Utilities, Inc. is a public utility owned by my father Edward Swearingen,
7 AAA Well Drilling, Inc. and AAA Utilities, Inc. are both operated by our family. In addition to
8 my responsibilities with AAA Well Drilling, Inc., I help my father in the management of AAA
9 Utilities, Inc. To avoid confusion, I will sometimes refer to AAA Utilities, Inc. as the Water
10 Company.

11 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

12 A. I was graduated from the University of South Carolina in 1991 with a Bachelor of Arts
13 degree in accounting. Upon graduating, I was employed with Laidlaw Environmental Services

1 for six years as a Senior Staff Accountant. In 1999, I left Laidlaw Environmental Services to
2 join the family well drilling and utility business where I have worked since.

3 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

4 **A.** The purpose of my testimony is to sponsor AAA Utilities, Inc.'s application for an
5 adjustment of certain rates and charges for the provision of water services.

6 **Q. PLEASE DESCRIBE AAA UTILITIES, INC.**

7 **A** AAA Utilities, Inc. provides water service to the following subdivisions: Chasehunt,
8 Hilton Sound, Lakeside Forest, Landspoint, Love Valley, Murray Hills, Perry, Ridge Pointe,
9 Rockford Place and Shealy Estates. We serve approximately 357 water customers. We provide
10 water to most of our customers by wells which we own and operate. We provide water to the
11 Lakeside Forest subdivision with water purchased from Batesburg Leesville. While at one time
12 we provided sewer services, AAA Utilities, Inc. sold its sewer system to the Town of Lexington
13 in 2008.

14 **Q. WHY IS AAA UTILITIES, INC. REQUESTING RATE RELIEF AT THIS TIME?**

15 **A.** The Water Company has been operating with rates granted by the Commission in 1995 in
16 Order No. 1995-1579 becoming effective in November 1996. In the last 17 years, our costs
17 have risen dramatically. The Water Company has been operating with the benefit of financial,
18 personnel and material assistance from the drilling company for many years. We determined to
19 seek rate relief as a step towards financial independence from the well drilling company. In
20 addition, the Office of Regulatory Staff has been very helpful to us in this matter demonstrating
21 the need to conform our operations to those required by the regulatory process.

22 **Q. PLEASE DESCRIBE THE COMPANY'S APPLICATION.**

1 A. The Rate Case Application includes the financial statements for AAA Utilities, Inc. The
2 subsections are as follows:

3 Exhibit A—Tariff

4 Exhibit B—Balance Sheet

5 Exhibits C and D—Current and Pro Forma Income and Expense Statements

6 Exhibit E—Proposed Water Revenues

7 Exhibit F—Schedule of Current and Projected Customers

8 Exhibit G—Depreciation Schedule

9 Also, included are the most recent letter from the South Carolina Department of Health and
10 Environmental Control (“DHEC”), a sample customer bill form and the Water Company’s most
11 recent Gross Receipts Tax filing. The test year chosen is the year ended December 31, 2012,
12 which was the twelve month period of the Water Company’s most recent fiscal year available at
13 the time of the Water Company’s filing.

14 **Q. WOULD YOU PLEASE SUMMARIZE THE PROPOSED CHANGES IN THE**
15 **COMPANY’S RATE SCHEDULE?**

16 A. The applicant proposes to increase its flat rate for water customers from \$15.00 per
17 month to \$25.00 per month. We propose to increase the base charge for metered water
18 customers from \$7.50 per month to \$11.00 per month; the commodity charge would increase
19 from \$2.40 per 1,000 gallons to \$3.50 per 1,000 gallons. The account set up charge would
20 increase from \$20.00 to \$25.00. The application requests that the Commission establish a
21 purchased water adjustment provision which would currently affect its customers in the Lakeside
22 Forest subdivision. Last, the application requests that the provisions affecting late payment

1 penalty charges and bad check charges be conformed to the existing Public Service Commission
2 regulations and state law.

3 **Q. WHAT IS YOUR RECOMMENDATION TO THE PUBLIC SERVICE**
4 **COMMISSION?**

5 A. If the Public Service Commission grants AAA Utilities, Inc. the relief requested in its
6 application, the Water Company will be given the opportunity to earn an operating margin of
7 8.12%. The additional revenues will allow us to move towards financial independence and better
8 enable the Water Company to meet the needs of its customers. I respectfully request that the
9 Public Service Commission grant AAA Utilities, Inc. the rate relief it has requested.

10 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

11 A. Yes, it does. I would like to thank the Public Service Commission for granting us the
12 opportunity to be here today.